

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF WESTERN)	CASE NO. 9556-A
KENTUCKY GAS COMPANY)	

O R D E R

On October 31, 1986, the Commission issued its Order in Case No. 9556 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates on a quarterly basis in accordance with the provisions of the Gas Cost Adjustment ("GCA") Clause set forth therein.

On January 5, 1987, Western Kentucky Gas Company ("Western") filed its quarterly GCA which is to become effective February 1, 1987, and is to remain in effect until May 1, 1987.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Western's notice of January 5, 1987, set out certain revisions in rates which Western proposed to place into effect, said rates being designed to pass on the overall wholesale decrease in gas costs from its suppliers in the amount of 28.33 cents per Mcf. Western calculated its decrease as 26.07 cents per Mcf using a normalized sales figure instead of an actual sales figure for the 12 months ending November 30, 1986, to calculate its Expected Gas Cost component. Western should be allowed to

normalize its sales figure using a weather adjustment, but the Commission considers adjustments for changes in industrial load, end user transportation and any other adjustment to be inappropriate and unnecessary in a GCA filing.

(2) Western's notice set out a total refund adjustment of 3.03 cents per Mcf. The refund adjustment should be 2.98 cents per Mcf, using Mcf sales normalized only for weather adjustments. The refund adjustment includes a current quarter refund of \$78,922.

(3) Because this is Western's first GCA filing, it has no actual or balance adjustments.

(4) Western proposed a GCA factor, or a decrease from the rates previously in effect, of 29.10 cents per Mcf. The GCA factor should be 31.31 cents per Mcf, using only a weather normalization adjustment. This decrease represents the combined effect of the supplier decrease and the refund adjustment.

(5) Western's corrected adjustments in rates under the provisions approved by the Commission in its Order in Case No. 9556, dated October 31, 1986, are fair, just and reasonable and in the public interest and should be effective with gas supplied on and after February 1, 1987.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after February 1, 1987.

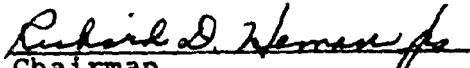
(2) The gas cost adjustment shall be 31.31 cents per Mcf effective with final meter readings on and after February 1, 1987, instead of 29.10 cents per Mcf as Western proposed.


(3) Within 30 days of the date of this Order Western shall file with this Commission its revised tariffs setting out the rates authorized herein.

(4) Western shall normalize its annual sales using only weather adjustments.

Done at Frankfort, Kentucky, this 23rd day of January, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9556-A DATED 1/23/87

The following rates and charges are prescribed for the customers in the area served by Western Kentucky Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

Applicable to: All Gas Rates Schedules

Gas Cost Adjustment

To each bill rendered under the above named rate schedules there shall be added an amount equal to: (\$.3131) per Mcf of gas used during the billing period.

The base rate for the future application of the purchased gas adjustment clause of Western Kentucky Gas Company shall be:

Texas Gas Transmission Corp.

	<u>Demand-1</u>	<u>Demand-2</u>	<u>Commodity</u>	<u>Gas Rate</u>
G-2	\$4.43	\$.1175	\$2.2994	-0-
G-3	4.70	.1294	2.3243	-0-
G-4	4.89	.1388	2.3417	-0-

Tennessee Gas Pipeline Co.

GS-2	-0-	.6512/Dth	1.9981/Dth
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Local Producers	-0-	-0-	2.2546/Dth
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